

IN THE DISTRICT COURT OF LINCOLN COUNTY
STATE OF OKLAHOMA

THE CITY OF PRAGUE, OKLAHOMA
and PRAGUE PUBLIC WORKS AUTHORITY,
Plaintiffs,

vs.

CAH ACQUISITION COMPANY 7, LLC;
HMC/CAH CONSOLIDATED, INC.;
RURAL COMMUNITY HOSPITALS OF
AMERICA, LLC; EMPOWER H.M.S.; JORGE A.
PEREZ; WCS CORPORATION, INC., successor-
by-merger to CPP WOUND CARE #24; LINCOLN
COUNTY TREASURER AND BOARD OF
COUNTY COMMISSIONERS; and
JOHN DOES 1-10,

Defendants.

Case No. CJ-2019-13

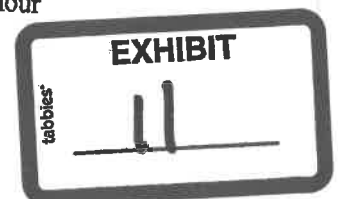
FILED
JAN 16 2019
CINDY KIRBY, COURT CLERK
LINCOLN COUNTY, OKLAHOMA

**PLAINTIFFS' EMERGENCY APPLICATION FOR
TEMPORARY RESTRAINING ORDER AND SUPPORTING BRIEF**

Plaintiffs, the City of Prague, Oklahoma ("Prague"), and Prague Public Works Authority ("PPWA"), hereby pray that this Court enter a Temporary Restraining Order barring and forbidding Defendants, CAH Acquisition Company 7, LLC ("CAH 7"), HMC/CAH Consolidated, Inc. ("HMC"), Rural Community Hospital of America, LLC ("RCHA"), Empower H.M.S. ("Empower") and Jorge Perez from abandoning, shutting down, or closing Prague Community Hospital (the "Hospital"), or otherwise terminating or curtailing the existing services they are providing to Plaintiffs and the Hospital; taking any action that would harm the Hospital; or making it impossible to operate the Hospital, until further order of this Court. Plaintiffs incorporated by reference the allegations in the Verified Petition filed of even date herewith, and further show the Court as follows:

BRIEF

1. The Hospital is a medical facility that provides the City of Prague and surrounding areas with essential health care services, including diagnostic and therapeutic services; 24-hour



emergency care; convenient and specialized outpatient resources; laboratory, physical rehabilitation, acute care, swing bed, cardiology, and other services.

2. On December 31, 2013, Prague and PPWA executed a lease agreement with CAH 7 that terminated on December 31, 2018 (the "Lease Agreement"). The second recital of the Lease Agreement states Plaintiffs' intent in executing the Lease:

WHEREAS, the City and the Authority have determined that it is in the public interest to continue to lease the Hospital Property (as hereinafter defined) to Hospital. . . .

3. To that end, both **Paragraph 2.1** and **Paragraph 4.1** of the Lease Agreement require CAH 7, HMC, and RCHA to maintain the Hospital as an ongoing, fully functional "critical access hospital in accordance with a license issued by the Oklahoma Department of Health." CAH 7 in turn may have contracted with Defendant Empower to manage the Hospital.

4. CAH 7, HMC, RCHA and Empower have failed to timely and fully pay the Hospital's employees their wages and salaries as they become due, threatening the stability of the Hospital and its ability to be maintained as a going concern.

5. CAH 7, HMC, RCHA and Empower have failed to timely and fully pay the Hospital's vendors' claims as they become due, threatening the stability of the Hospital and its ability to be maintained as a going concern.

6. The failure of CAH 7, HMC, RCHA and Empower to pay the Hospital's employees and the Hospital's vendors also is a breach of the Lease Agreement.

7. Plaintiffs therefore are entitled to immediate possession of the Hospital.

8. However, a sudden eviction or other closure of the Hospital will severely disrupt, and could entirely preclude, the ability of the Hospital to care for the community.

9. Plaintiffs therefore request that the Court enjoin CAH 7, HMC, RCHA and Empower, as well as their Affiliates (as defined in the Lease Agreement) officers, agents,

employees and assigns, Plaintiffs therefore request that the Court enjoin CAH 7, HMC, RCHA and Empower, as well as their Affiliates (as defined in the Lease Agreement), officers, agents, employees and assigns, (a) from terminating or curtailing the existing services they are providing to Plaintiffs, to the Hospital and to the community, and (b) from taking, using or dissipating any funds received or to be received related to the operation of the Hospital, including, but not limited to, those paid or payable by the Medicare and Medicaid programs and other payors, and instead require them to operate in the normal course of business until the Court can hear and determine the Plaintiffs' request for a receiver, filed concurrently herewith.

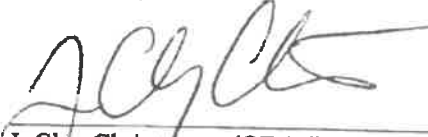
10. Plaintiffs will be immediately and irreparably harmed unless the injunctive relief requested herein is not granted.

11. CAH 7, HMC, RCHA and Empower will not be seriously injured by such an injunction, as they currently provide the necessary services, and can be compensated monetarily for continuing to provide those services, should they be entitled to such.

12. Immediate and irreparable injury, loss, or damage will result to Plaintiffs, to the Hospital, and to the community if the requested injunctive relief is not entered before the adverse parties or the attorneys for the adverse parties can be heard in opposition.

WHEREFORE, Plaintiffs pray that this Court enter a temporary restraining order barring Defendants CAH 7, HMC, RCHA and Empower, as well as their Affiliates, officers, agents, employees and assigns, (a) from terminating or curtailing the existing services they are providing to Plaintiffs, to the Hospital and to the community, and (b) from taking, using or dissipating any funds received or to be received related to the operation of the Hospital, including, but not limited to, those paid or payable by the Medicare and Medicaid programs and other payors, and instead require them to operate in the normal course of business until further order of this Court.

Respectfully submitted



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